

EXHIBIT 2

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CONFIDENTIAL - SIMON WILSON-TAYLOR
UNITED STATES DISTRICT COURT
FOR THE SOUTHERN DISTRICT OF NEW YORK

In re:	:	
	:	Master File No.
Global Brokerage, Inc.	:	1:17-cv-00916-RA
F/k/a FXCM, Inc.	:	
Securities Litigation	:	
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REMOTE VIDEO DEPOSITION OF:

SIMON WILSON-TAYLOR

WEDNESDAY, JUNE 2, 2021

24 REPORTED BY:
SILVIA P. WAGE, CCR, CRR, RPR
25 JOB NO. 4577008

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2 we talking about?

3 Q. Any type.

4 A. So, in that time frame, there were
5 certainly discussions between banks and brokers
6 around payment for retail order flow. The extent
7 to which they turned into actual payment for
8 order flow arrangements, I'm kind of less clear
9 on, you know. I was involved personally in a
10 handful of discussions in that space and not many
11 of them ended up with a commercial arrangement
12 from a bank liquidity provider to one of these
13 firms.

14 I'm, obviously, not privy to the
15 relationships between nonbank liquidity providers
16 and their customers and whether or not that took
17 place. So I can only rely on my experience as a
18 bank liquidity provider in that time period.

19 Q. In your experience, were you aware of
20 any liquidity providers, bank or nonbank, who did
21 pay for order flow for retail flow in the 2010 to
22 2014 time period?

23 A. Again, it would be speculation on my
24 part. You know, the relationships between those
25 firms were confidential. So it may have

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2 happened. It may not have happened. I can't be
3 certain.

4 Q. So you're not, specifically, aware of
5 any instances in your own personal experience?

6 A. I'm not specifically aware of it, no.
7 Would I have expected it to occur, yes.

8 Q. Still in Paragraph 59, you talk about
9 payments being individually negotiated with each
10 liquidity provider.

11 Did you negotiate with liquidity
12 providers over payments for order flow?

13 A. I did.

14 Q. And was it your personal experience
15 that liquidity providers in these discussions
16 asked for price reductions at that time?

17 A. Very much so, yes. You know, if I go
18 over the chronology, we started in -- I mean,
19 I've been negotiating agreements with banks from,
20 you know, 1999 up until last year when I left the
21 CME. And so, when we started in 1999, we were
22 charging banks -- well, I probably shouldn't be
23 entirely specific on a number, but a significant
24 number somewhere north of \$20 in million.

25 And by the time we got to last year,

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2 Q. Anything other than these
3 "operational risks"?

4 A. I don't think I can -- I don't think
5 I can speak to that, you know.

6 Do you want to hire me as a
7 consultant to do a professional risk analysis?
8 I'm sure I can do that. But there are other
9 risks, but I just can't name them.

10 Q. I'll leave that to Israel and --

11 A. Right.

12 Q. Okay. In Paragraph 92, you mention
13 that Effex paid \$21 per million on profits as
14 high as \$35 per million, which I'll represent to
15 you is 60 percent.

16 Are you aware of any other liquidity
17 providers that paid 60 percent more of their
18 trading profits to a broker in order flow
19 payments?

20 A. I'm aware of people paying
21 substantial payment for order flow. I don't have
22 the luxury of knowing what the profitability of
23 that flow was to those firms. So it's difficult
24 for me to answer.

25 Q. So there's no specific examples that

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2 you know of that occur?

3 A. No. But, as I referred to earlier,
4 you know, I've been part of negotiations with
5 liquidity providers where they've shown me their
6 profitability and used it to squeeze me on -- and
7 asked me to reduce my fees. And, you know, for a
8 period of time, it would have been a substantial
9 number. And in some cases, my fee exceeded what
10 they earned, more than a hundred percent.

11 So, yes, the simple answer to your
12 question is, yes, I'm aware it was not
13 sustainable.

14 Q. Okay. If we jump down to Page 36 and
15 Paragraph 96. Let me know when you're there.

16 A. Yes, I'm there.

17 Q. And in Paragraph 96 you opine that
18 FXCM's business relationship with Effex, as you
19 defined it earlier in your report, did not create
20 a conflict of interest between FXCM and its no
21 dealing desk customers.

22 Do you see that?

23 A. It did not create a conflict of
24 interest. Yes, I see that.

25 Q. And you had some examples in the